

## Message Text

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PAGE 01 LONDON 07503 01 OF 02 281855 Z

43

ACTION EUR-25

INFO OCT-01 IO-13 ADP-00 AID-20 CEA-02 CIAE-00 COME-00

EB-11 FRB-02 INR-10 NSAE-00 RSC-01 CIEP-02 STR-08

TRSE-00 LAB-06 SIL-01 OMB-01 SS-15 NSC-10 L-03 H-02

PA-03 PRS-01 USIA-12 AGR-20 AF-10 EA-11 RSR-01 /191 W  
----- 077516

R 281832 Z JUN 73

FM AMEMBASSY LONDON  
TO SECSTATE WASHDC 2251  
INFO AMEMBASSY BONN  
AMEMBASSY BRUSSELS  
AMEMBASSY COPENHAGEN  
AMEMBASSY DUBLIN  
AMEMBASSY LUXEMBOURG  
AMEMBASSY PARIS  
AMEMBASSY ROME  
AMEMBASSY THE HAGUE  
USMISSION EC BRUSSELS  
USMISSION GENEVA  
USMISSION OECD PARIS

C O N F I D E N T I A L SECTION 01 OF 02 LONDON 07503

E. O. 11652: XGDS

TAGS: ETRD, EEC, UK

SUBJECT: UK REACTION TO JANUARY 25-26 EC COUNCIL

REFS: EC BRUSSELS 3520, 3546, 3270, 3571, 3572

1. ON JUNE 27 THE ECON/ COM MIN WAS INVITED TO CALL ON  
ROY DENMAN, DEPUTY SECRETARY AT THE DEPARTMENT OF TRADE  
AND INDUSTRY, TO DISCUSS THE JUNE 25-26 MEETING OF THE  
EC COUNCIL. WE ALSO REVIEWED THE RESULTS OF THE  
MEETING IN SEPARATE CONVERSATIONS WITH MICHAEL BUTLER  
( HEAD OF THE EUROPEAN INTEGRATION DEPARTMENT AT THE  
FOREIGN OFFICE) AND ROBIN O' NEILL ( A CABINET OFFICE  
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PAGE 02 LONDON 07503 01 OF 02 281855 Z

OFFICIAL WHO DEALS WITH EC MATTERS).

2. ALTHOUGH THERE IS SOME CONFUSION ABOUT THE OUTCOME OF THE COUNCIL'S DISCUSSION OF CERTAIN ISSUES (NOTABLY THE MEDITERRANEAN), THE GENERAL CONSENSUS OF THESE UK OFFICIALS WAS AS FOLLOWS: A) THE AGREEMENT ON THE GLOBAL APPROACH TO THE MTN WAS, ON THE WHOLE, SATISFACTORY; B) THE FAILURE TO MAKE PROGRESS ON 24.6 WAS SERIOUS, ALTHOUGH THE WAY MAY NEVERTHELESS BE OPEN FOR THE COMMISSION TO HOLD INFORMAL DISCUSSIONS WITH THE US; C) THE ISSUE OF RECIPROCITY IS STILL WIDE OPEN WITH REGARD TO BOTH THE MEDITERRANEAN AND THE YAOUNDE ASSOCIATES AND COMMONWEALTH ASSOCIABLES.

3. THE GLOBAL APPROACH TO THE MTN. DEMAN SAID THAT THE DISCUSSION ON THIS AGENDA ITEM HAD BEEN SEVERELY HANDICAPPED BY JOBERT'S EARLY DEPARTURE FOR PARIS. THIS MEANT THAT IT TOOK MUCH LONGER TO REACH AN AGREEMENT. ON THE WHOLE, DENMAN THOUGHT THAT THE TEXT WHICH WAS ADOPTED, WHILE NOT THE BEST DOCUMENT POSSIBLE, WAS THE BEST THAT MIGHT HAVE BEEN ACHIEVED UNDER THE CIRCUMSTANCES. IT AT LEAST HAD THE MERIT OF BEING COMPREHENSIVE (FOR EXAMPLE, IT INCLUDED A REFERENCE TO SAFEGUARDS). AS FOR AGRICULTURE, DENMAN INTERPRETED THE LANGUAGE THAT WAS ADOPTED AS MEANING THAT THE BASIC MECHANISMS OF THE CAP (LEVIES, EXPORT SUBSIDIES) ARE "INVIOABLE," BUT THIS DOES NOT PRECLUDE THE POSSIBILITY THAT CERTAIN FEATURES MIGHT BE CHANGED - PARTICULARLY IN CASES WHERE "STABILITY OF THE MARKET" MADE ADJUSTMENT DESIRABLE.

4. BUTLER EXPRESSED SATISFACTION THAT THE COUNCIL HAD MANAGED TO DECIDE ON A GLOBAL APPROACH TO THE MTN BEFORE THE JULY 1 DEADLINE. HE SAID THAT THE TEXT THAT WAS ADOPTED WAS BASICALLY LIBERAL AND OUTWARD-LOOKING, AND THAT VERY FEW OF THE AMENDMENTS PROPOSED BY THE FRENCH HAD ACTUALLY BEEN INCLUDED IN THE FINAL VERSION.

5. ARTICLE 24:6. BOTH DENMAN AND BUTLER SAID THAT THE FRENCH STAND IN OPPOSITION TO ANY CHANGES IN THE COMMUNITY POSITION WAS COMPLETELY INFLEXIBLE. THE  
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PAGE 03 LONDON 07503 01 OF 02 281855 Z

CHAIRMAN HAD SAID AT THE END OF DISCUSSION THAT THERE SEEMED TO BE THREE GROUPS OF COUNTRIES: THOSE FOR WHICH THE COMMUNITY SHOULD DO SOMETHING (E. G. AUSTRALIA); THOSE FOR WHICH THE COMMUNITY NEED DO NOTHING (JAPAN); AND THOSE IN BETWEEN (SUCH AS THE US). IT WAS AGREED THAT THE COMMISSION SHOULD CONSULT WITH THE ARTICLE 113 COMMITTEE AND REPORT TO THE NEXT MEETING OF THE COUNCIL.

DENMAN SAID THAT THE FRENCH CAN BE EXPECTED TO MAINTAIN  
THEIR INFLEXIBLE POSITION IN THE ARTICLE 113 COMMITTEE.  
HOWEVER, HE ALSO SAID THAT AT THE END OF THE DEBATE,  
SOAMES SAID THAT HE WOULD DRAW HIS OWN CONCLUSIONS FROM  
WHAT HE HAD HEARD, AND THE COMMISSION WOULD PROCEED AS IT  
SAW FIT. DENMAN SAID THAT ONE CANNOT EXCLUDE THE  
POSSIBILITY THAT THE COMMISSION, ACTING ON ITS OWN, WILL  
ENTER INTO INFORMAL DISCUSSIONS WITH THE US. IT IS MORE  
LIKELY, HOWEVER, THAT THE COMMISSION WILL "PLAY BY THE  
BOOK" AND NOT ENTER INTO INFORMAL DISCUSSIONS UNTIL IT  
RECEIVES A GREEN LIGHT TO DO SO. BUTLER AND O'NEILL  
SAID THAT THE COMMISSION WOULD AT LEAST BE PREPARED TO  
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PAGE 01 LONDON 07503 02 OF 02 281945 Z

73  
ACTION EUR-25

INFO OCT-01 IO-13 ADP-00 AID-20 CEA-02 CIAE-00 COME-00

EB-11 FRB-02 INR-10 NSAE-00 RSC-01 CIEP-02 STR-08

TRSE-00 LAB-06 SIL-01 OMB-01 SS-15 NSC-10 L-03 H-02

PA-03 PRS-01 USIA-12 AGR-20 AF-10 EA-11 RSR-01 /191 W  
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R 281832 Z JUN 73  
FM AMEMBASSY LONDON  
TO SECSTATE WASHDC 2252  
INFO AMEMBASSY BONN  
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AMEMBASSY COPENHAGEN  
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C O N F I D E N T I A L SECTION 02 OF 02 LONDON 07503

LISTEN IF THE US APPROACHED IT WITH A REASONABLE LIST OF  
ITEMS ON WHICH IT EXPECTED TO RECEIVE COMPENSATION.

6. THE MEDITERRANEAN, YAOUNDE ASSOCIATES AND  
COMMONWEALTH ASSOCIABLES. BUTLER SAID THAT THE UK  
CONSIDERS THAT THE QUESTION OF RECIPROCITY WITH  
REGARD TO THE MAGHREB COUNTRIES WAS LEFT UNRESOLVED AT  
THE END OF THE COUNCIL' S DEBATE ON THE MEDITERRANEAN.  
OTHER PARTICIPANTS IN THE COUNCIL MEETING MAY NOT SHARE  
THIS BRITISH VIEW, HOWEVER, AND SOME MAY BELIEVE THAT  
THE ISSUE HAS BEEN SETTLED IN FAVOR OF A FREE TRADE AREA  
APPROACH FOR THE MAGHREB AS WELL AS FOR SBAIN AND ISRAEL.  
THE DEBATE ON THIS POINT IS LIKELY TO BE RESUMED WHEN  
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PAGE 02 LONDON 07503 02 OF 02 281945 Z

THE PERMREPS CONSIDER THE COUNCIL SECRETARIAT' S " SUMMARY O  
OF CONCLUSIONS" ON THIS AGENDA ITEM ( A SUMMARY WAS NOT  
ADOPTED DURING THE COUNCIL MEETING ITSELF). THE BRITISH  
WILL CONTINUE TO ARGUE THAT THE AGREEMENTS WITH THE  
MAGHREB SHOULD BE " ONE- WAY FREE TRADE AREAS," AND SHOULD  
NOT INCLUDE RECIPROCAL CONCESSIONS TO THE COMMUNITY.

7. BUTLER SAID THAT THE COMMISSION POSITION REGARDING  
RECIPROCITY FOR THE YAOUNDE ASSOCIATES AND COMMONWEALTH  
ASSOCIABLES MAY HAVE SOFTENED SOMEWHAT, AND IT NOW SAYS  
THAT THE COMMUNITY SHOULD CONSIDER THE WISHES OF ITS  
NEGOTIATING PARTNERS. HE SAID THAT THE COMMISSION HAS  
BEEN ASKED TO PREPARE A " GLOBAL APPROACH" PAPER  
( NOT A NEGOTIATING MANDATE) BEFORE THE JULY 25-26 PRE-  
NEGOTIATING CONFERENCE. THE UK, HE SAID, WILL TRY TO  
ENSURE THAT THIS PAPER DOES NOT CALL FOR ANY RECIPROCAL  
CONCESSIONS BY THE PRESENT AND FUTURE ASSOCIATES.  
BUTLER REMAINS CONFIDENT THAT THE COMMUNITY WILL  
ULTIMATELY ADOPT A POSITION OF NON- RECIPROCITY IN THESE  
NEGOTIATIONS.

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\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* CONFIDENTIAL

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